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Mr. Derek Brooks, ODMF and Alternate Member, IWC

17 September 1952

Chairman, IWC

Memorandum of [redacted] for Admiral Dupre dated 25X1A9a
9 September 1952 regarding Chinese Communist Trade

1. With reference to the subject memorandum, I am informed that we have fairly complete information regarding Chinese Communist direct trade with Western countries. Statistics are available (compiled from the official trade statistics of Western countries) which show the trade of Communist China for the years 1948-1950, inclusive, by commodity groups and by countries. Similar tabulations are available for the first half of 1951, though not yet in final form. Unfortunately, the information available about trade of Communist China with the Soviet Bloc countries is both "spotty" and poor. The principal weakness in our information about Communist China's trade with the West is to be found with reference to indirect trade -- transshipment and clandestine trade. Here our information is incomplete and unsatisfactory.

2. Some general statistics on the trade of Communist China were presented in a report of the Economic Intelligence Committee on "Status and Effectiveness of Trade Controls Against Communist China," 17 April 1952 (EIC-RI). Table I, at page 15 of that report, shows Chinese Communist imports from non-Communist countries for 1951 (annual and 6-months totals in millions of US dollars). Table V at page 26 presents a summary of the quantity of Communist Chinese total imports from non-Communist countries for 1951 (annual and quarterly totals in thousands of long tons). Table II at page 17 presents a summary of Hong Kong exports to Communist China for 1951 (annual and quarterly totals by commodity groups).

3. As a result of a revision of EIC-RI, the imports of Communist China from non-Communist countries in the first half of 1952 are estimated at \$145,000,000, or approximately the level of the last half of 1951. The Chinese Communists have stated that in 1951 imports were in the proportion of 70 percent from the Soviet Bloc and 30 percent from other countries. Exports, imports, and total trade of Communist China are estimated for 1950 and 1951 as shown in the following tabulations, in comparison with the trade of China in 1936 and 1937:

<u>Year</u>	<u>Imports</u>	<u>Imports</u>	<u>Total Trade</u>
1936*	\$348	\$ 468	\$ 816
1937*	501	524	925
1950	565	517	1,082
1951	675	1,489	2,164

*The figures for 1936-1937 are for the trade of China, including Manchuria. The source is Foreign Commerce Yearbook 1939, pages 213-250.

4. Leakages of strategic materials into Communist China occur principally by transhipment and re-export and by smuggling. A summary of available information on this point is presented on pages 31-34 of the above mentioned Economic Intelligence Committee report (EIC-31). In general, our information on the movement of strategic materials to Communist China is inadequate and frequently unreliable. Transhipments, principally from Western European ports direct to Communist China, have sharply diminished. Indirect transhipment has not fallen off to the same degree. The quantity of smuggled goods cannot be accurately assessed, but it is considered that it amounts to roughly \$30,000,000 in value, or approximately 10 percent of the total value of the imports into Communist China from non-Communist countries. Items comprising the bulk of smuggled goods are electrical goods, machine parts, motor tires and spare parts, rubber, petroleum products, non-ferrous metals, and medical supplies. The principal centers of smuggling activities are Hong Kong and Macao and to a lesser degree Bangkok, Japan, Ryukyu, Singapore and India.

5. I am advised that a copy of EIC-31, referred to above, has been sent to Mr. Kenneth Hansen in the office of Admiral Dupre. Another copy could be sent if desired.

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